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**Commission on Ethics &
Public Trust
Miami-Dade County**

Memorandum

To: The Honorable Carlos Alvarez, Mayor, Miami-Dade County

The Honorable Joe A. Martinez, Chairman
and Members of the Board of County Commissioners

George Burgess, County Manager

From: Robert Meyers, Executive Director, Commission on Ethics

Date: March 22, 2005

Re: Final Audit Report for the Campaign Account of Steve Garrison

Attached please find the Commission on Ethics and Public Trust's (COE's) final audit report for the above referenced campaign account.

This audit was conducted in accordance with Miami-Dade County Code §12-22 (c)(4), which requires the COE to audit the campaign accounts of those election candidates who receive public financing from the county's Campaign Trust Fund. Prior to issuing the final audit report, the COE issued a *draft* audit report to the candidate and allowed fifteen business days to the candidate in order to provide a written response to the COE. No written response was given to the COE as the candidate concurred with the results noted in the draft audit report.

Overall, the Commission on Ethics concluded that the campaign expenditures were in compliance with both the applicable Florida State Statutes, Chapter 106 – Campaign Financing, as well as the requirements of the Miami-Dade County Code §12-22 (G), "Use of Funds," as no disallowed expenses were paid with public funds.

cc: Mr. Kerry E. Rosenthal, Chairman of the Commission on Ethics
Ms. Constance Kaplan, Supervisor of Elections, Miami-Dade County
Mr. Steve Garrison, Election Candidate
Ms. Susan Bosco, Campaign Treasurer
Clerk of the Board

Commission on Ethics & Public Trust

Miami-Dade County

FINAL
Audit Report

**Post-Election Audit of the
Steve Garrison
Campaign Account**

March 22, 2005

INTRODUCTION

In March of 2001, the Miami-Dade County Board of County Commissioners adopted Ordinance No. 01-39 (the Ordinance) for campaign financing reform and is codified in Miami-Dade County Code §12-22. The Ordinance is intended to make the political process more accessible to candidates who run for the office of County Mayor or Commissioner by providing eligible candidates with public financing from the Election Campaign Financing Trust Fund (the Fund).

The Ordinance establishes the eligibility requirements that a candidate must meet in order to receive public financing from the Fund. For the office of County Commissioner, each candidate who satisfies these requirements may be eligible for a maximum contribution of \$75,000 in the primary election, and an additional \$50,000 if a run-off election occurs. For the office of Mayor, each candidate who satisfies the eligibility requirements may receive \$300,000 for the primary election and an additional \$200,000 if the candidate is in a run-off election.

The Ordinance also addresses expenditure limitations for candidates who receive public financing. For Commission candidates, total campaign expenditures are limited to \$150,000 during the primary election and \$100,000 during the run-off election. For Mayoral candidates, total campaign expenditures are limited to \$600,000 in the primary election and \$400,000 if a run-off election occurs. In either case, if one candidate raises contributions or makes expenditures that exceed the applicable spending limits, the expenditure ceiling is lifted for all other candidates who are campaigning for that office and an expenditure limit is no longer in effect for that particular election race (i.e., the office of Mayor or a Commission seat for a particular county district).

Additionally, the Ordinance requires the Commission on Ethics & Public Trust (COE) to conduct post-election audits ninety (90) days following the date of the election for those candidates who received public financing from the county. This is in keeping with both the requirements of §12-22 (f)(6) of the Code of Miami-Dade County and Florida Statute §106.141 (4), which require that the candidate dispose of any surplus funds remaining in the campaign account within 90-days of the election date by: (1) returning all surplus funds to the Election Campaign Financing Trust Fund; and, (2) any funds remaining in the campaign account that are in excess of the public funding received should be disposed of per Florida Statute §106.141, Disposition of Surplus Funds.

Accordingly, the COE conducted a post-election audit of the campaign account of Mr. Steve Garrison, a commission candidate, who received \$75,000 in public financing as a candidate for the Miami-Dade County Commission District 9 election held on August 31, 2004.

PURPOSE & SCOPE OF THE AUDIT

The post-election audit conducted by the COE focuses primarily on campaign expenditures as other Miami-Dade county agencies have been involved in current, on-going examinations of all campaign contributions for those candidates who received public monies. Therefore, to avoid redundancy the COE focused on the following audit objectives:

1. Verify that the candidate complied with County Code §12-22 (e)(1), which sets forth the expenditure limits for those candidates who receive public financing.
2. Verify that the candidate complied with County Code §12-22 (g), which pertains to the "Use of Funds." This section describes six (6) types of expenditures that public funds **cannot** be used for, which are as follows:
 - Clothing for a candidate or an immediate family member of the candidate, except for a political advertisement as defined in Florida Statute §106.001 (17). An immediate family member is defined as the spouse, parents, children, and siblings of the candidate.
 - The purchase or rental of any vehicle for a candidate.
 - The enhancement of any vehicle owned by a candidate or an immediate family member of the candidate.
 - Personal grooming or cosmetic enhancements for a candidate.
 - Payment to a candidate or an immediate family member for the purchase of any goods or services.
 - Payment to any corporation, firm, partnership, or business entity owned or controlled by a candidate or an immediate family member for the purchase of any goods or services. "Controlled by" shall mean ownership, directly or indirectly, of 5% or more of the outstanding capital stock in any corporation, or direct or indirect interest of 5% or more in a firm, partnership, or other business entity.
3. Verify that the candidate disposed of any surplus funds remaining in the campaign account within 90-days following the election as required by County Code §12-22 (F) (6) and Florida Statute §106.141 (4).

In order to complete these objectives, the COE obtained copies of all bank statements and cancelled checks drawn against the campaign account, original and/or copies of vendor invoices and receipts, as well as any other accounting records, contracts and/or documentation which would substantiate the amount and purpose of the candidate's campaign expenditures.

The scope of the audit encompassed the period of March 2, 2004 through October 14, 2004, which coincides with the timeframe the campaign account was opened and subsequently closed by the candidate.

SUMMARY OF CAMPAIGN ACCOUNT

The campaign account of Steve Garrison had a total of \$111,749.75 available to run the candidate's election campaign. Of the total \$111,749.75 in campaign funds, \$75,000 was received from the County's public trust fund and the remaining \$36,749.75 was acquired through private contributions and in-kind services. A breakdown of how the total campaign funds were spent is illustrated in Table I. below and categorized by expense type:

TABLE I.

BREAKDOWN OF EXPENSES			
Expense Type	Dollar Amount of Expenses	% of Total Expenses	Allowable per §12-22 (g)?
Advertising/Promotional	\$60,967.62	56 %	Yes
Bank Fees	53.58	0 %	Yes
Bank Withdrawal	30.00	0 %	Yes
Brd. County Commsr. Expenses	687.36	0 %	Yes
Campaign Worker Wages	2,144.00	2 %	Yes
Car Rental	2,454.66	2 %	No
City of Homestead	200.00	0 %	Yes
Fundraisers	3,949.12	4 %	Yes
Gas for Rental	750.06	0 %	No
Mailing Services	6,981.04	6 %	Yes
Meal Expenses	1,313.16	1 %	Yes
Miscellaneous	7.67	0 %	Yes
Office Supplies	121.29	0 %	Yes
Political Consultants	3,796.28	4 %	Yes
Postage	6,374.68	6 %	Yes
Printing Services	20,120.38	18 %	Yes
Candidate Reimbursement	535.00	0 %	Yes
Website Consulting	1,263.85	1 %	Yes
TOTAL:	\$111,749.75	100%	

The COE notes that the expense classifications used in Table I. above were taken from the notations on the candidate's campaign checks. In other words, the COE ***did not*** create these expense types; rather, the COE used the expense categories found in the candidate's campaign records.

CANDIDATE'S COMPLIANCE WITH COUNTY CODE § 12-22

a. Compliance with Campaign Expenditures Limit

Based on review of the Campaign Treasurer's Reports, bank statements, cancelled checks, vendor invoices and receipts, the COE notes that the candidate complied with the \$150,000 spending limit set forth by County Code §12-22 (e)(1) as the candidate's expenditures totaled \$111,749.75 and did not exceed the \$150,000 ceiling limit.

NO EXCEPTIONS WERE NOTED.

b. Compliance with County Code §12-2, Subsection (g) "Use of Funds"

To verify the candidate's compliance with the "Use of Funds" requirements of the Miami-Dade County Code §12-22 (g), the COE scheduled all check payments issued from the candidate's campaign account and verified that each campaign expense was supported by adequate documentation (i.e., a receipt or vendor invoice). A review of the candidate's supporting documentation found that the candidate had eight (8) expenditures totaling \$5,410.12 ***which, if public funds were used to pay for such expenditures***, would have been disallowed per County Code §12-22 (g) .

The COE notes that Florida Statute Section 106.021(1) (b) requires that the candidate maintain one campaign depository for the purpose of depositing all contributions received and disbursing all expenditures made. As a result, one cannot distinguish between public funds and private contributions in the same bank account, as the \$75,000 in public funds were commingled with the candidate's private contributions of \$36,749.75. Therefore, the COE assumes the \$5,410.12 in disallowable costs per Code Section 12-22 (g) were paid for from the candidate's private funds as these potentially disallowable expenditures did not exceed the \$36,749.75 in total private contributions raised and deposited in the campaign bank account.

THEREFORE, NO EXCEPTIONS WERE NOTED.

c. Review for Payments Made to Related Parties & Corporate Affiliates

For payments made to individuals from the campaign account, the COE researched whether the payee was an “immediate family member” of the candidate. Per County Code Section 12-2 (g), “Use of Funds,” immediate family members refers to the candidate’s spouse, parents, children, and siblings. For payments made to business entities from the campaign account for the purchase of goods or services, the COE researched whether the business entity is owned or controlled by the candidate or an immediate family member of the candidate.

The COE found a \$2,000 check payment to a business known as “Photography by Dennis Lee” on August 30, 2004. The cancelled check had an endorsement by “Portrait Photography by Susan DeLura, Inc.,” a corporation that is owned by the candidate’s wife, Susan DeLura-Garrison. The COE assumes that this \$2,000 payment to a business owned by the candidate’s wife was paid from the candidate’s raised campaign contributions, as this potentially disallowable expense did not exceed the \$36,749.75 in total raised contributions for the Steve Garrison campaign. **THEREFORE, NO EXCEPTIONS WERE NOTED.**

d. Compliance with County Code §12-22, Subsection (f)(6) “Disposal of Surplus Funds”

County Code §12-22 (f)(6) and Florida Statute §106.141(4) require that the candidate dispose of any surplus funds remaining in the campaign account within 90 days of the election date in the following manner: (1) return all surplus funds to the county’s Election Campaign Financing Trust Fund; and, (2) any funds remaining in the campaign account that are in excess of the county’s public funding received should be disposed of per Florida Statute §106.141, Disposition of Surplus Funds. Given that the election was on August 31, 2004, the 90-day period for returning any surplus funds ended on November 30, 2004.

Based on review of the Campaign Treasurer’s Reports, the COE noted that on October 12, 2004, the Steve Garrison campaign account had a remaining balance of \$329.62. The candidate subsequently closed the account on October 14, 2004, at which time he withdrew the remaining \$329.62 balance in cash. According to the vendor invoices provided by the campaign, a cash payment of \$329.62 was made to “Photography by Dennis Lee” on October 14, 2004. Thus, the campaign account was zeroed out with this final cash withdrawal for payment to the vendor, “Photography by Dennis Lee.”

On December 30, 2004, the Garrison campaign received a vendor refund for an overpayment totaling \$175.96. These monies were returned by the Steve Garrison Campaign to the Miami-Dade County Election Campaign Trust Fund in the form of a cashier’s check on January 11, 2005. **NO EXCEPTIONS WERE NOTED.**

e. Compliance with Reimbursement for a \$500 Personal Loan from Candidate

On March 24, 2004, the candidate was reimbursed \$500.00 from the campaign account to repay a personal loan made by Steve Garrison to his campaign. However, a review of all contributions listed on the Campaign Treasurer Reports did not reflect any personal loans from the candidate to his campaign account to justify the repayment of a personal loan to the candidate.

According to the Campaign Treasurer, Ms. Sue Bosco, the candidate, Steve Garrison, made a \$500 personal loan to the campaign on March 2, 2004, from his personal checking account for the purpose of opening the campaign bank account. The COE was provided with documentation from the banking institution in the form of a credit memo, which substantiated that Steve Garrison in fact made a transfer of \$500 from his personal checking account into the Campaign Account of Steve Garrison. Aside from the Campaign Treasurers Reports not reflecting this transaction, the COE does not take exception to the repayment of a valid \$500 personal loan from the candidate.

NO EXCEPTIONS WERE NOTED.

f. Adequacy of Supporting Documentation for Campaign Expenses

It is noted that Miami-Dade County Code §12-22 (f)(3)(a)(1) requires adequate disclosure for all campaign expenditures in the form of an invoice and/or receipt supporting the purpose for which a campaign expenditure is made.

In our review, the COE found a total of 118 campaign expenditures for goods and services, of which 106 (90%) had adequate supporting documentation. Of the 12 that did not have supporting documentation, 11 were validated by the payee endorsement. One check payment of \$1000 to Phi Sigma Sigma for campaign worker wages lacked any timesheets to the support the payment. Also, the endorsement on the back of the check is illegible.

OTHER FINDINGS

Voided Checks

A review of the check register and cancelled checks for the Steve Garrison Campaign Account revealed that there were six voided campaign checks. The COE inspected the voided checks as well as reviewed the bank statements to verify that the six (6) voided checks did not clear the bank account.

NO EXCEPTIONS WERE NOTED.

COMPLIANCE FL STATUTES TITLE IX, CHAPTER 106, "CAMPAIGN FINANCING"

1. Based on review of the campaign bank statements, vendor invoices and receipts, the candidate complied with Florida Statute §106.11(1)(b), "Expenses of and Expenditures by Candidates and Political Committees." The candidate's primary depository was "TIB – Bank of the Keys." The COE did find that the candidate also setup a PayPal®¹ account to receive online campaign contributions. Once received, all PayPal® contributions were manually transferred into the bank account by Campaign Treasurer Ms. Sue Bosco.

At the time of the draft report's issuance, the COE was unable to independently verify the total dollar amount in contributions that the candidate received via the online Pay Pal® account. The COE was also unable to verify whether any campaign expenditures were made using the Pay Pal® account.

2. Florida Statute §106.05, Deposit of Contributions, requires that all contributions must be deposited in the campaign bank account within 5 business days after receipt. Overall, the COE found that the candidate was in compliance with this Statute. However, the campaign received a PayPal® contribution for \$24.64 on April 15, 2004, which was not manually deposited into the campaign account until October 8, 2004.

¹ "PayPal® enables any individual or business with an email address to send and receive payments online.

AUDIT CONCLUSION

Overall the COE found that the campaign expenditures made from the Steve Garrison campaign account were in compliance with the requirements of Miami-Dade County Code §12-22 (G), "Use of Funds," as no disallowed expenses were paid with public funds. Although several payments lacked adequate supporting documentation, the COE auditor made inquiries of the campaign treasurer as to the propriety of these campaign expenses and was satisfied that such expenditures were incurred for legitimate campaign costs.

The COE appreciates the courtesies and cooperation extended during the course of this audit.